



ANNUAL REPORT

FY 2016



STATE OF MARYLAND

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GOVERNOR

BOYD K. RUTHERFORD
LT. GOVERNOR

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SECRETARY

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MARYLAND CORRECTIONAL ENTERPRISES

ANNUAL REPORT FY2016

Stephen M. Shiloh, CCE
Chief Executive Officer

September 1, 2016

Stephen T. Moyer, Secretary
Department of Public Safety and Correctional Services

J. Michael Zeigler, Deputy Secretary - Operations
Department of Public Safety and Correctional Services

Dayena M. Corcoran
Commissioner of Correction

A MESSAGE FROM THE CEO

September 2016

Maryland Correctional Enterprises (MCE) is proud of its heritage and continually strives to accomplish its mission of providing structured employment and training activities for offenders in order to improve employability upon release, to enhance safety and security, to reduce prison idleness, to produce quality, saleable goods and services, and to be a financially self-supporting State agency.

Based on FY15 data, MCE ranked 9th in the U.S. in sales and 8th in the U.S. for inmate employment, while State population and inmate population were 19th and 18th respectively. In FY16, a new record high of \$61.44 million was achieved and 2,035 inmates were employed. MCE provided over 3.07 million hours of inmate employment and training and touched the lives of 2,996 inmate workers in FY16.

MCE provides inmates with much needed work skills and work ethics. Previous studies comparing MCE inmates with the DPSCS general population inmates suggest that MCE has a positive impact on reducing recidivism. In fact, studies across the nation continue to show that correctional industries have a positive effect on reducing states' recidivism rates. With an annual cost in excess of \$38,000 per individual, lower recidivism lowers the cost of incarceration to the State.

On July 1, 2008, MCE implemented CARES (Continuing Allocation of Reentry Services) to assist inmate employees in transitioning to civilian employment upon release. So far this Calendar Year, MCE has held graduation ceremonies for 15 former incarcerated workers. There have been 328 CARES graduates since the program began.

MCE believes that along with returning offenders to Maryland communities with work skills and a work ethic, they should also experience the satisfaction of "giving back" by performing service for the community. Inmate crews cook and debone turkeys, feeding more than 35,000 needy families for the Annual Bea Gaddy Thanksgiving Dinner. Laundry workers clean over 2,000 donated bras to raise money for breast cancer awareness and research. These resources as well as other products and services are donated annually by Maryland Correctional Enterprises in an effort to help our fellow citizens. Additionally, MCE had a positive economic impact on Maryland's economy of \$100.2 million in FY16.

MCE was originally "ACA Certified" on August 10, 2009, received 100% ACA re-accreditation on August 8, 2012 and received 100% compliance on September 15, 2015. The official award was given at the ACA National Conference in New Orleans on January 24, 2016 (The NCIA lists only seventeen states as being ACA accredited).

Since 1992, MCE has been certified by the U.S. Bureau of Justice Assistance for the Prison Industry Enhancement (PIE) Program which allows MCE to enter into partnerships and be a sub-contractor to private industry. In a letter dated January 23, 2015 from the U.S. Bureau of Justice Assistance, MCE was found to be in total compliance with all PIECP requirements.

MCE publishes an annual Business Plan, which outlines what we plan to accomplish over the next several years, while our Annual Report details what we did accomplish. An annual Marketing and Sales Plan is also published.

MCE's accomplishments would not be possible without the support of the Department of Public Safety & Correctional Services (DPSCS) Secretary Stephen T. Moyer, Deputy Secretary J. Michael Zeigler, Commissioner of Correction Dayena M. Corcoran, their respective staffs, MCE Management Council, MCE Customer Council, DOC Wardens, and the patronage and support of our customers.

MCE strives to make a difference in Maryland.

Sincerely,



Stephen M. Shiloh, CCE
Chief Executive Officer
Maryland Correctional Enterprises

Positive Social Impact

Increased Safety & Security

Reduced Recidivism



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MISSION STATEMENT

*The mission of
Maryland Correctional Enterprises (MCE)
is to provide structured employment and training activities for
offenders in order to improve employability upon release,
to enhance safety and security, to reduce prison idleness,
to produce quality, saleable goods and services,
and to be a financially self-supporting State agency.*

MANAGEMENT

Chief Executive Officer	Steve Shiloh
Executive Assistant	Ashley Lohr (2016 NCIA Conference Co-Chair, Re-entry Track and Maryland Correctional Justice Association)
Chief Operating Officer	Joe Sommerville (NCIA Board of Directors 2016-2017)
Chief Administrative Officer	Mark Rowley (2016 NCIA Conference Co-Chair, Re-entry Track and NENCIA Board Member)
Chief Development Officer	Vacant
Director of Marketing	Lida Poole
Exec. Director of Management Council	David Jenkins
Director of Sales	Todd Deak
Sales Manager	Jim Hook
Chief Financial Officer	Verona Williams
Operations Manager	Stephen Sanders
Projects Consultant	Cliff Benser
Customer Service Manager	Shari Hoffman
Design Manager	Terry Hill
Chief Information Officer	Karen Dullnig
Re-Entry Services Director	Anthony Morgan, Jr. (Co-host of NCIA Webinar on "Post-Release Employment Services" and author of "MCE CARES About Developing Exceptional Soft Skills", published in the 2016 summer edition of NCIA News).

REGIONAL MANAGERS

Hagerstown/Cumberland Institutions	Greg Haupt
Jessup/ECI Furniture Restoration	Dan Bickford
Textiles/ECI Liason	Donna Beck (NCIA Honor Roll Recipient)
Graphics	Mike Giuffre
Central Warehouse Manager	Mathew Hall
Hagerstown Warehouse Manager	Ron Brown

1. STRATEGIC PLANNING



In January 2015, the National Correctional Industries Association (NCIA) in collaboration with the National Institute of Corrections (NIC) released the ten key components for reentry-focused Correctional Industries. These components are aimed at reducing recidivism through a planned process. Implementation of all components will develop a culture of offender employability while ensuring sustainability of the organization.

The following sections will demonstrate how MCE has, is, and will continue to follow these best practices toward the attainment of its mission.

STRATEGIC PLANNING

Strategic Planning is the cornerstone of implementing and sustaining reentry-focused performance excellence. It is the process of defining your organization's direction and making decisions in support of that strategy.

The Maryland Correctional Enterprises (MCE) Strategic Business Plan was developed by MCE employees, facilitated by the Department of Public Safety and Correctional Services (DPSCS) Police and Correctional Training Commissions, and is based on the goals of: maintaining a self-supporting status, increasing inmate employment, increasing customer satisfaction, improving organizational excellence, and providing support and services for successful inmate transition to the community. These five goals are supported by objectives and strategies. MCE employees serve as chairpersons and members for each of the strategies.

The development of a MCE Business Plan began in the spring of 1996. "Managing For Results" (MFR) came into being in the early spring of 1998. The first Strategic Business Plan was published and distributed in September 2000.

In May 2001, the first MFR Seminar was held at the Maritime Institute of Technology to review the Business Plan and to prepare for the next edition. MCE has held to this schedule ever since. The latest version of the MCE Business Plan is distributed annually in September. During the fiscal year, progress toward achieving the strategies is reflected in Quarterly MFR Reports which are distributed to the administrative staff, plant managers, and unit supervisors.

Stability has been established in working towards attainment of the long-range goals and objectives by the accomplishment of the shorter term strategies. However, success of the plan is only achieved through cooperation and teamwork.



2. FINANCIAL SUSTAINABILITY

Self-sufficiency and sustainability are essential to meet current and future obligations ensuring the long-term viability of a Correctional Industries program.

**SALES - FISCAL
YEAR 2016
BUSINESS UNITS**



SALES

Jessup Correctional Institution	
Furniture Manufacturing – office, lounge and dormitory furniture, tables, library shelving	3,540,472
Tag – metal motor vehicle license tags, picnic furniture	5,305,594
Sew – inmate uniform items, DPSCS officer uniform items	3,471,004
Maryland Correctional Institution – Jessup	
Graphics I – complete line of forms, reports, custom printing, magazines and related special products, four color printing	1,838,258
Graphics II – envelopes, business cards, letterhead, etc.	1,677,630
Quick Copy Service – digital b/w and color, high speed digital printing, binding, finishing, packaging, shipping, collating, stapling	404,028
Maryland Correctional Institution for Women	
Sew/Flag – shirts, gowns, bathrobes, flags, aprons, embroidery, sweatshirts	1,281,313
Mailing and Distribution – bulk mailing, distribution service, data entry	2,344,195
Design and Planning – office design using CADD system	0
Maryland Correctional Institution – Hagerstown	
Metal – shelving, beds, tables, wastebaskets, chairs, benches, lockers, storage, Flexstation office furniture	7,247,266
Metal (P.I.E.) – fabrication, painting and assembly of electrical switchgear components	0
Upholstery – task seating, side chairs, lounge furniture, multi-purpose seating	8,866,250
Meat – ground beef, chopped steaks, meat loaf, roasts, chops, ribs, hotdogs, lunch meats, sausage	9,124,259
Hagerstown Warehouse – backhaul operations, shipment of products produced in Hagerstown	74,530
Roxbury Correctional Institution	
RCI Graphics – file folders, interoffice envelopes, report covers, vinyl binders; production of MVA vehicle registrations and special orders	1,957,004
Recycling – recycling of aluminum and steel cans, cardboard, paper, pallets, and plastic	127,942
Agriculture – seasonal-landscape/tree and bay grass planting	816,061
Maryland Correctional Training Center	
Partition – work stations, office panels, sight screens, System XXI, PowerWorks	3,161,694
Brush & Carton – utility brushes & corrugated cartons, furniture assembly, toner remanufacturing	667,365
Western Correctional Institution	
WCI Furniture – laminated component parts and various furniture items (Volition, Aristotle & Darwin office furniture)	2,177,662
Eastern Correctional Institution	
Furniture Restoration – refinishing/restoration of wood, metal, and upholstered furniture	2,044,546
Textiles – towels, washcloths, hats, uniform clothing/shirts, embroidery, sewn and RF Seal mattresses	2,177,566
Patuxent Institution	
Sign – street signs, custom made signs to order, vehicle wraps, plaques, picture frames, laser engraving	1,013,909
Laundry Operations – CMCf, MCI-H, WCI, ECI	
Laundry – industrial cleaning of laundry for institutional and non-profit entities	1,059,377
Central Maryland Correctional Facility	
Cleaning Products – all-purpose and germicidal cleaners	746,506
Jessup Area	
Central Warehouse – shipment of all products produced at Baltimore metropolitan area prisons, moving, labor, and courier service	318,060
Total	61,442,491

RANKING IN U.S.



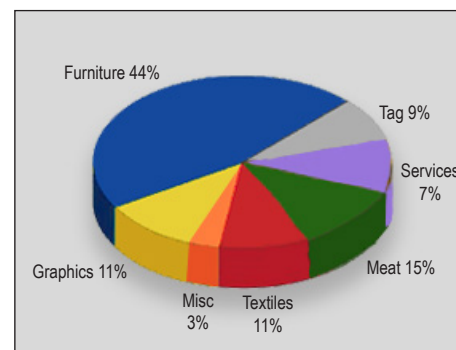
Maryland Correctional Enterprises is prohibited by law from selling its products and services on the open market. Sales to State agencies in FY 2016 represented 98% of MCE's total sales, with 2% to non-State and not-for-profit agencies.

Correctional Industries Sales Ranking for 2015

From data contained in the 2016 National Correctional Industries Association (NCIA) Directory

Rank	State	FY 2015 Revenues
1	*California	\$205,184,255
2	North Carolina	\$95,490,000
3	*Washington	\$90,155,491
4	Texas	\$88,930,036
5	*Pennsylvania	\$71,601,000
6	Florida	\$67,820,189
7	*Colorado	\$66,917,152
8	New York	\$56,113,344
9	MARYLAND	\$54,061,317
10	Illinois	\$51,561,738

FY2016 SALES BY INDUSTRY GROUP



*States that have canteen/commissary operations

MCE has ranked in the top 10 in sales for the past 11 years

PLANT LOCATIONS

Western Correctional Institution

Maryland Correctional Institution Hagerstown

Roxbury Correctional Institution

Maryland Correctional Training Center

Central Maryland Correctional Facility

Jessup Correctional Institution

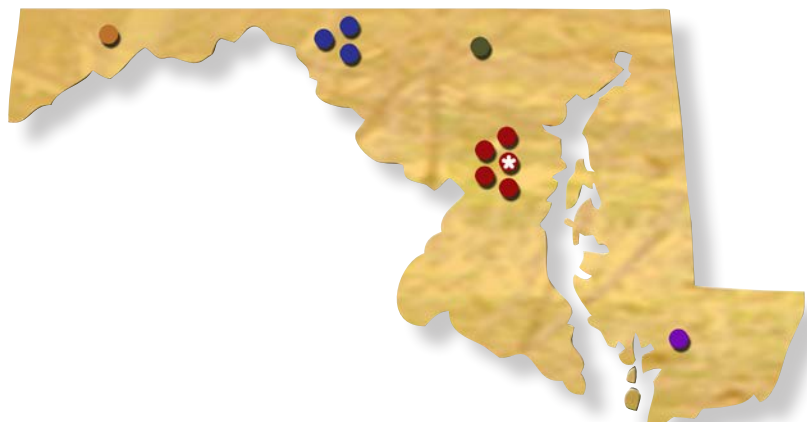
Maryland Correctional Institution - Jessup

Maryland Correctional Institution - Women

Patuxent Institution

★ MCE Headquarters/Central Warehouse

Eastern Correctional Institution



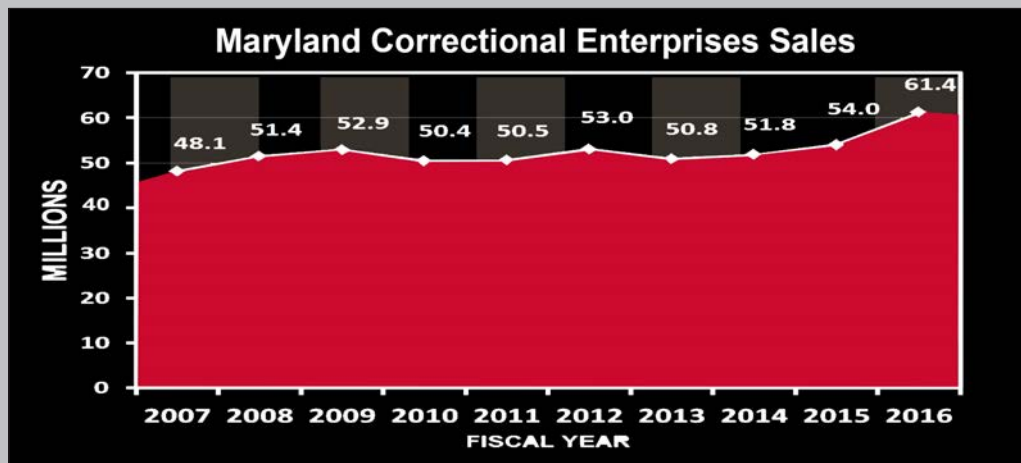
PLANT SERVICE CENTERS FY 2016

10^{Top}

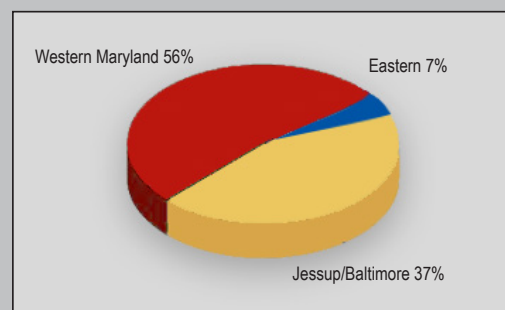


TOP 10 PLANT/SERVICE CENTERS FY 2016

	Plant/Services	Institution	FY2016 Sales	% Sales
1	Meat	MCI-H	\$9,124,259	14.9
2	Upholstery	MCI-H	8,866,250	14.5
3	Metal	MCI-H	7,247,266	11.8
4	Tag	JCI	5,305,594	8.7
5	Furniture Manufacturing	JCI	3,540,472	5.8
6	Sew	JCI	3,471,004	5.6
7	Partition	MCTC	3,161,694	5.1
8	Mailing & Distribution	MCI-W	2,344,195	3.8
9	Furniture	WCI	2,177,662	3.5
10	Textiles	ECI	2,177,566	3.5
	Total		\$47,415,962	77.2



FY 2016 SALES BY REGION



CAPITAL PROJECTS FISCAL YEAR 2016



Catonsville Community College



Math & Science Hall

Maryland Correctional Enterprises worked on Capital Project specifications in FY16 that totaled \$12.8 million. \$13.1 million was delivered in FY16. In FY17 an estimated sales value of \$15.6 million for Capital Projects is projected.

Total Value of Capital Projects Delivered in FY2016: \$13.1 million

- Community Colleges of Baltimore County – Catonsville (Math/Science Hall)
- Maryland Transportation Authority (HQ 1st Floor – Renovation, Phase 4)
- Morgan State University (School of Business)
- Chesapeake College (Center for Allied Health & Athletics)
- Hagerstown Community College (Student Center Addition)
- State Highway Administration (Jessup Salt Barn)
- Frederick Community College (Building B)
- University of Maryland – College Park (Tawes Renovation)
- University of Maryland – Eastern Shore (Engineering, Aviation, Computer, Math/Sciences Building)
- Maryland Board of Elections (Precinct Carts)
- Department of Natural Resources (Harriet Tubman State Park)
- University of Maryland Center for Environmental Science (R.V. Truitt Building)
- Salisbury University (Athletic Complex)
- Prince Georges Community College (Facilities Management Building Renovation/Addition)
- Department of Public Safety & Correctional Services (Dorsey Run Correctional Facility Phase II)
- State Highway Administration (Cambridge Complex)
- University of Maryland – College Park – Severn Building (Remote Library Storage)
- Towson University (Athletic Complex)

DESIGN UNIT

As part of the MCE Sales Division, the Design Group is responsible for producing office layouts of the modular furniture line. The Design Group meets with customers to determine requirements and transfers these requirements via AutoCAD into computerized design layouts which are then reviewed and approved by the customer. The Design Unit located at Maryland Correctional Institution for Women trains inmates in space planning, office design, the use of AutoCAD, and actually produces office design layouts for customer approval.

Projects Developed by the Design Unit of MCE's Sales Division

Fiscal Year	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
No. of Projects	541	607	604	676	601	544
Sales Values (millions)	\$25.6	\$27.8	\$26.6	\$30.9	\$29.2	\$30.3



TOP 10 CUSTOMERS FY 2016

Ranking	Name	Amount	% Sales
1	Department of Public Safety & Correctional Services	\$15,500,364	25.2%
2	Department of Transportation	\$13,279,075	21.6%
3	University System of Maryland	\$10,982,254	17.9%
4	Department of Health & Mental Hygiene	\$3,749,484	6.1%
5	Morgan State University	\$2,845,755	4.6%
6	Maryland State Board of Elections	\$2,839,390	4.6%
7	Community Colleges of Maryland	\$2,149,924	3.5%
8	Department of Juvenile Services	\$2,112,435	3.4%
9	Department of Human Resources	\$1,265,551	2.1%
10	Maryland State Department of Education	\$954,920	1.6%
TOTAL TOP TEN CUSTOMERS:		\$55,679,152	90.6%
MCE TOTAL SALES:		\$61,442,491	

NEW PRODUCTS

Maryland Correctional Enterprises introduced the following new products in FY2016:

- Bel Air – All Mesh Chair
- IC2 Chair
- Madera Chair
- World Chair
- Slobproof Seating
- Cube Occasional Table
- Laser Engraved Occasional Table
- 1/4 Zip Sweatshirt
- Acrylic Award
- PREA Shower Curtain
- Sit/Stand Tables
- DPSCS Uniform Accessories



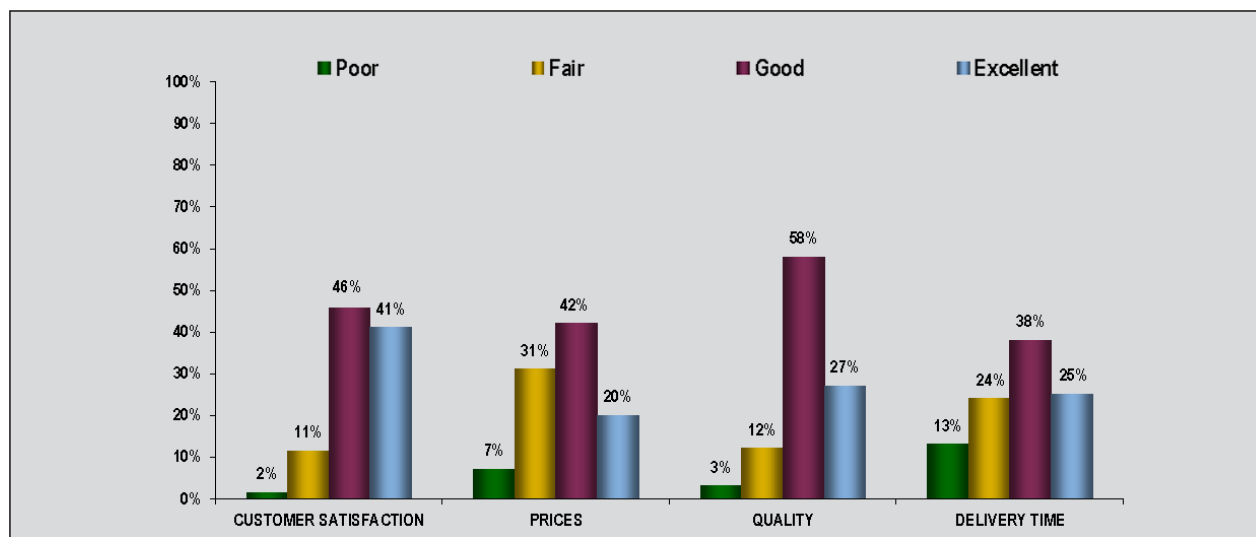
SIT/STAND TABLE PNEUMATIC
& BALANCED COUNTER

CUSTOMER SATISFACTION



The following graph represents findings from the Fiscal Year 2016 Customer Satisfaction Survey. Data was collected from 74 participants.

Overall Customer Ratings for MCE Products and Services - Fiscal Year 2016



The majority of respondents rated MCE **GOOD** overall in Customer Satisfaction, Prices, Quality and Delivery Time. Delivery time had a 13% improvement from FY15.

“QUICK SHIP”

In response to customer wishes to have a swifter delivery time of certain products, beginning July 1, 2002 MCE initiated a “Quick Ship” program. This program was available to all MCE customers and offered two types of desks, a bookcase, and two choices of chairs. Delivery time is within 15 business days. The “Quick Ship” program was placed on eMaryland Marketplace on November 1, 2002.

The program has been greatly expanded since inception and currently includes the following items:

- Canton Collection Furniture
- File cabinets
- Bookcases & Shelving
- Wastebasket
- MD & US Flags
- Bed Sheets, Pillowcases & Blankets
- Record Storage Boxes & File Folders
- Print on Demand Garment Printing
- Portfolios & Pad Holders
- Harbor Line Furniture
- Task & Side Seating
- Mattresses & Pillows
- Towels & Washcloths
- GP66 Cleaner
- Flexstation & System XXI Furniture
- Annapolis II L-Shaped Desk

SUSTAINABILITY

ENVIRONMENTALLY PREFERRED PURCHASING (EPP)



All State Agencies have been tasked with reporting the use of recycled content in purchases

EPP is documented in the Maryland Green Purchasing Guidelines developed to meet the Green Maryland Act of 2010 in the State Finance and Procurement Articles §14-405 of the Annotated Code of Maryland.

ENVIRONMENTALLY PREFERRED PRODUCTS

Improving Quality of Life With Products You Can Trust

MCE has a large assortment of environmentally-friendly, high quality products and services. MCE has strategically partnered with suppliers who support our vision by contributing their experience and knowledge. Incorporating sustainable fabrics and design elements which utilize recycled and recyclable materials, ergonomic benefits and superior service life, enables MCE to keep striving towards reducing our carbon footprint.

MCE is a recognized member of the SCS Global Services Indoor Air Quality Certification Program,

These products offer a more responsible choice for a healthier environment, which will increase productivity by creating clean indoor air.

GREEN INITIATIVES

MCE has programs focused on improving the world around us, including:

- Recycling services (over 1,200 tons of paper, cardboard, plastic, steel, and aluminum in FY2016).
- Planting bay grasses to prevent erosion on the Chesapeake Bay shorelines.
- Building oyster cages to benefit the filtration process to maintain the cleanliness of the Chesapeake Bay and its tributaries.
- Planting trees for the reforestation of disturbed land.
- Offering "Green" or recycled fabrics.



GREEN INITIATIVES (CONTINUED)



“The cultivation of flowers and trees is the cultivation of the good, the beautiful, and the ennobling of man, and for one, I wish to see this culture become universal.” – J. Sterling Morton, founder of Arbor Day

Arbor Day is observed on the last Friday of April every year in order to celebrate the impact of trees on the earth. This year, we wanted to highlight the importance of planting and caring for trees by acknowledging the great work of Ricky Martin and crew. While beautifying roadways across Maryland, this MCE team is also improving the environment one tree at a time.

Beginning in the spring of 2015, MCE partnered with State Highway Administration (SHA) to plant trees along roadways in Washington County. Since the start of the initial project, MCE has planted 9,875 trees – that’s quite a forest! MCE is proud to stand behind projects that have a lasting impact on both inmate workers and the environment. We will continue to do our part in creating a greener, safer Maryland.

Did you know? One acre of forest absorbs six tons of carbon dioxide and puts out four tons of oxygen. This is enough to meet the annual needs of 18 people – U.S. Department of Agriculture.

BACKGROUND AND EXPANSION

Prison industry programs in Maryland have been authorized since at least 1916, and in the United States since the 19th century. Poor prison work conditions, inmate exploitation, and the advent of the Depression caused Congress to enact legislation making the transport of prisoner-made goods in interstate commerce a federal criminal offense and prohibiting the use of prison labor to fulfill federal contracts in excess of \$10,000. “State Use Laws” were passed which required units of state governments to purchase products made by prison industries programs. In Maryland, this culminated in 1941 in the creation of State Use Industries (SUI) as a unit within the Maryland Division of Correction.

In the late 1970’s prison populations began growing rapidly and several riots occurred throughout the country, including the disastrous 1978 Pontiac, Illinois prison riot, which led directly to Senator Charles Percy (R-Ill.) to draft the Prison Industry Enhancement (PIE) Act (Section 827 of the Justice System Improvement Act of 1979), enacted on December 27, 1979. This legislation and rising prison populations led to a gradual resurgence of correctional industries to supply items such as: clothing, beds, mattresses, etc.

Maryland State Use Industries (SUI) experienced extreme financial difficulties that constantly plagued the program into the 1980’s. In fact, SUI had to borrow \$2.0 million from the State (FY1983 Operating Loan). In an effort to reverse this trend, the General Assembly enacted the State Use Industries Act, effective July 1, 1981. Increased sales and the amelioration of the stigma associated with inmate-made goods were established as major goals by SUI. The entire line of products was completely revamped, with emphasis on production, marketing and customer service. The \$2.0 million loan from the State was paid back to the State in FY1989 and FY1990. As sales increased, SUI became self-supporting. Increased sales also permitted an expansion of SUI. Thus, the modern era of State Use Industries began in 1982 with the creation of the State Use Industries Act, Article 27, 680-681K of the Annotated Code of Maryland. In FY2000, the State Use Industries Act was rewritten as the Correctional Services Article (Sections 3-501 through 3-528).

In 2005, Senate Bill No. 136, was approved by the General Assembly changing the name of “State Use Industries” to “Maryland Correctional Enterprises” (MCE) effective October 1, 2005. The name change was necessary in order to convey the message that MCE is a business entity and is allowed to serve non-profit organizations and political sub-divisions of the State in addition to units of State government.



MCE RENOVATION PROJECT



In September 2013, MCE acquired the Department of General Services (DGS) vacant 60,000 sq. ft. State Surplus Warehouse located at 8037 Brock Bridge Road. A program for the renovations to the building was completed and submitted to the Division of Capital Construction on February 11, 2014. The facility will undergo major renovations which will result in a MCE warehouse, showroom and office space.

1. Meetings were held between Maryland Correctional Enterprises (MCE) and the Division of Capital Construction (DCC) on November 5, 2014 and March 31st, April 16th, May 6th and June 3rd of 2015 to discuss the Request For Proposal (RFP) for the Warehouse Renovation Project. This project will be funded by MCE.
2. The "MCE Warehouse Renovation" bid was posted on eMaryland Marketplace on August 27, 2015 (MDQ00310200672).
3. The Warehouse Pre-Bid Conference was held on September 10, 2015 at MCE. The meeting at MCE's Central Warehouse was followed by a site visit to the Warehouse. A second site visit was offered on September 17, 2015.
4. On November 23, 2015, MCE received the bid prices from four vendors. All of the bid prices exceeded MCE's budgeted allocation.
5. At a meeting between MCE, the Division of Capital Construction and Assistant Secretary Bezanson on December 15, 2015, it was decided to redraft the Warehouse Request For Proposal (RFP) to address all work that must be done by a contractor, to list separately those items which can be performed by MCE utilizing inmate labor, and to modify/eliminate some items.
6. The revised Warehouse RFP was posted on eMaryland Marketplace on January 15, 2016. The Pre-Bid meeting at MCE and first site visit occurred on January 21st. The second site visit was on February 3, 2016.
7. Four proposals were received on February 12, 2016. After evaluation by the Division of Capital Construction, Callas Contractors, Inc. was declared the low bid winning vendor on March 1st. Callas was approved by the State Board of Public Works on March 23rd.
8. The Design Initiation Conference was conducted at MCE on May 3rd and the official Notice to Proceed (NTP) was established as May 9th. 110 days are allowed for design and 187 days are allowed for construction.
9. The 50% Construction Documents Review meeting was conducted at the Division of Capital Construction (DCC) on July 5, 2016.



8037 Brockbridge Road
Anne Arundel County

MCE EXPANSION PROJECTS



1. New 21,000 sq. ft. MCE Graphics/Textile Plant at Jessup Correctional Institution (210 inmate positions). Design funding is anticipated in FY 2018 for a 21,000 sq. ft. pre-engineered metal building to house a Graphics/Textile Plant. A revised program was submitted to the Division of Capital Construction on October 24, 2013. The revised program reflects the transfer of the existing Sew Plant at JCI (which is currently housed in an old warehouse without temperature / humidity control) and the transfer of the Graphics Envelope operation from MCI-J.

In December 2014, the site of the new JCI Graphics/Textile Plant was selected and approved.

2. MCE Furniture Restoration Plant Expansion at Eastern Correctional Institution. Construction Start FY 2019. Design Funding is anticipated in FY 2018.

The program for a 2,500 sq. ft. addition to the MCE Furniture Restoration Plant at the Eastern Correctional Institution was completed and forwarded to the Division of Capital Construction on November 8, 2011. The pre-engineered metal building will be 2,500 sq. ft. and will allow the employment of 25 additional inmates. This new section of the building will allow for a dust-free drying area and will eliminate the "temporary" area enclosed by vinyl curtains. This will be a design/build project.

3. New MCE Distribution Center at Eastern Correctional Institution (15 inmate positions). Construction Start FY 2021. Design Funding is anticipated in FY 2020.

In order to decrease multiple handlings of items and to provide a dry, secure area to store manufactured goods, a program for a MCE Distribution Center at Eastern Correctional Institution (ECI) was prepared. This program is for a 10,000 sq. ft. pre-engineered metal MCE Warehouse building and a 20,000 sq. ft. area for truck turn-around and trailer/truck parking, to be located outside the fence at ECI. The program was completed and submitted to the Division of Capital Construction on January 31, 2012.

4. New MCE Systems Furniture/Textile at the Maryland Correctional Training Center. Construction Start FY 2024.

New 40,000 sq. ft., two-story Systems Furniture/Textile Plant at the Maryland Correctional Training Center. The program was submitted to the Division of Capital Construction on May 6, 2005. This new building will house a Systems Furniture plant producing those items currently being made in the MCTC Partition Plant, specifically 'Power Works' and "Systems XXI" furniture. Not only will a larger facility allow for the storage of raw materials and for the complete production of the new system furniture lines, but will also allow for the storage of finished product and eliminate the transporting of sub-assemblies between plants. The second floor will have a 20,000 square foot textile operation. The entire operation will employ 120 MCTC inmates.

A new MCE Business Unit will be established in the existing Partition Plant (20 inmate positions).

5. New MCE Meat Processing Plant at Maryland Correctional Training Center (80-120 inmate positions). Construction Start FY 2024.

New 25,000 sq. ft. Meat Processing Plant at the Maryland Correctional Training Center. The program was submitted to the Division of Capital Construction on June 15, 2007. Due to increasing demand and the introduction of new meat products, the existing Meat Plant lacks sufficient space and equipment to increase or maintain current production. The production area is overcrowded, more smokehouses are required, and additional freezer space is necessary. The space parameters dictated when the facility was constructed in 1992 and the proximity to MCI-H roads and perimeter fence prevent any internal or external expansion. Therefore, a new MCE Meat Processing Plant with sufficient space for production, and with sufficient smokehouses and freezer capabilities will solve this problem. The facility will employ 80-120 inmates.

The existing Meat Plant will be utilized to begin a new product line of processed fish items.

PRISON INDUSTRY ENHANCEMENT (PIE) PROGRAM



PRISON INDUSTRY ENHANCEMENT (PIE) PROGRAM

Prison Industry Enhancement allows Maryland Correctional Enterprises to enter into partnerships and be a sub-contractor to private industry by producing goods and/or services using inmate labor. Inmates under the PIE program must be paid the industry prevailing wage and no less than the federal minimum wage. Deductions are allowed from the inmates' wages for taxes, room and board, family support and contributions to a victims' compensation program, (the DPSCS Criminal Injuries Compensation Board). Benefits to the private sector include a stable and motivated work force, reduced overhead, production availability, an alternative to "off-shore" operations, and a label affixed to the product which can state ...

"Made in the **USA**"

Effective August 28, 1992, Maryland Correctional Enterprises was granted "provisional" certification from the Bureau of Justice Assistance for the Prison Industry Enhancement (PIE) Program. Upon successful completion of the final piece of necessary legislation (HB 583 was signed into law on May 1, 1994), Maryland Correctional Enterprises was granted full certification on March 2, 1995 by the Bureau of Justice Assistance.

During the summer of 2014, the National Correctional Industries Association conducted a review of MCE's PIE program. In a letter dated January 23, 2015, the Bureau of Justice Assistance stated that MCE's certified PIE project is in total compliance with all PIECP requirements.

MCE was contacted by the Governor's Office of Minority Affairs Special Secretary Jimmy Rhee regarding interest in the plausibility of an international PIE opportunity in May of 2016. The initial meeting was scheduled for June 21st, but the meeting has been postponed until August 2nd.



3. STAFF RECRUITMENT, DEVELOPMENT & RETENTION



It is important to recruit individuals capable of performing the job today with the capacity to grow to meet the future needs of the organization. Staff, as technical experts, work coaches and mentors, are critical to the overall success of a Correctional Industries program.

Maryland Correctional Enterprises is committed to actively recruiting qualified managerial and production staff who are committed to the mission of the organization. The agency ensures employees have the tools to do their jobs through certified correctional training. Due to the decline in manufacturing and the rise of service industries in the United States, recruiting workers who are skilled in certain trades – i.e. meat cutting, wood workers, tractor trailer drivers etc. – has become a challenge. MCE has worked to expand its recruitment efforts to target the private sector. MCE also likes to develop staff and promote from within. Promoting from within has allowed MCE to retain talented staff. MCE also hires ex-offenders. In FY 2016 twelve ex-offenders were employed by MCE.

In FY 2016, six years of data from the National Correctional Industries Association revealed an average Civilian Staff/ Inmate Employee Ratio of 1:9.5. Seven years of MCE data reveals an average Civilian Staff/Inmate Employee Ratio of 1:11.9 and an average Supervisor/Inmate ratio of 1:18.6.

MCE

Fiscal Year	Civilian Staff	Plant Supervisors	Inmates Employed	Civilian/ Inmate Ratio	Supervisor/ Inmate Ratio
2010	187	109	2,047	1:10.9	1:18.8
2011	171	104	1,855	1:10.8	1:17.8
2012	176	115	2,065	1:11.7	1:18.0
2013	174	116	2,038	1:11.7	1:17.6
2014	170	115	2,091	1:12.3	1:18.2
2015	165	108	2,041	1:12.4	1:18.9
2016	148	100	2,035	1:13.8	1:20.4

NCIA

Civilian Staff	Inmates Employed	Civilian/ Inmate Ratio
7,705	74,750	1:9.7
6,612	70,507	1:10.7
6,702	67,891	1:9.9
6,953	65,288	1:9.4
6,946	56,263	1:8.1
6,652	62,602	1:9.4



4. STAKEHOLDERS

Correctional Industries operate within three spheres of influence: government, business and societal. It is important to understand the stakeholder requirements and the impact of each one, as well as their relationship to each other.

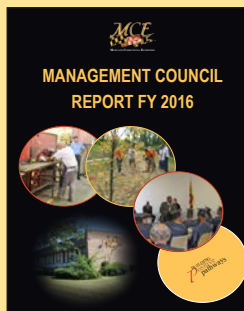
MANAGEMENT COUNCIL

The Management Council acts as a Board of Directors and serves in an advisory capacity on MCE issues including the establishment of new industries, inmate employment and training, reviewing occupational health and safety needs, the Prison Industry Enhancement (P.I.E.) Program, customer satisfaction, and budget review.

Management Council Members

Dr. H. David Jenkins
Executive Director

Ms. Ashley Lohr
Staff Assistant



Name

The Honorable John W.E. Cluster, Jr.
The Honorable Lisa Gladden
Ms. Dayena M. Corcoran
Mr. Stephen M. Shiloh
Judge Pamela J. Brown
Mr. Jerome W. Klasmeier
Ms. Barbara Bice
Ms. Sarah Myers
Ms. Alice Wirth
Mr. Joseph Evans
Mr. Fred D. Mason, Jr.
Mr. Leonard G. (Bud) Schuler
Mr. Jack Weber
Mr. Philip Holmes
Mr. Melvin Forbes

Affiliation

State Delegate and Council Chair
Maryland Senator
Commissioner of Correction
Chief Executive Officer, Maryland Correctional Enterprises
Associate Judge, District Court of Md., District 10, Howard Co.
Assistant Comptroller
Maryland State Department of Education
Governor's Office of Crime Control and Prevention
Department of Labor, Licensing, and Regulation
University System of Maryland
MD/DC AFL-CIO
Plumbers and Steamfitters Local 486
Uptown Press, Inc.
Center for Automotive Careers, Vehicles for Change
Wilkerson Sports Enterprise

CUSTOMER COUNCIL

The Customer Council serves in an advisory capacity on MCE issues concerning products, sales, customer satisfaction, marketing, and performing an annual review of the MCE Catalog and Business Plan.

Customer Council Members

Mr. Stephen M. Shiloh
MCE CEO and Council Chair

Ms. Ashley Lohr
Staff Assistant



Name

Mr. John West
Ms. Lisa Jones
Vacant
Mr. Curtis Murray
Mr. Joseph Palechek
Mr. David Beard
Ms. Sandra Filippi
Ms. Lois Whitaker
Mr. Thomas Jackson
Mr. Renard Brooks
Mr. Joe Sommerville
Mr. Todd Deak
Ms. Lida Poole

Affiliation

Department of Budget and Management
Department of Commerce
Department of General Services
Department of Human Resources
Maryland Department of Transportation
Maryland Higher Education Commission
Montgomery College
Morgan State University
Department of Health and Mental Hygiene
Baltimore City Mayor's Office
MCE Resource to the Council
MCE Resource to the Council
MCE Resource to the Council

OUTREACH



MCE displayed at the following conventions in FY 2016:

MD Association of Counties (MACo)	August 12-15, 2015	Ocean City, MD
Maryland Association of Boards of Education (MABE)	Sept. 30-Oct. 1, 2015	Ocean City, MD
DNR-MD Park Field Service Day	September 30, 2015	Patapsco State Park, MD
Association of School Business Officials (ASBO)	November 6, 2015	Maritime Institute, MD
Annapolis Showcase	January 28, 2016	Annapolis, MD
Howard Co. Community College Job Fair	March 11, 2016	Columbia, MD
MD Association of Elementary School Principals (MAESP)	April 14-16, 2016	Ocean City, MD
MD Library Association (MLA)	May 4-6, 2016	Ocean City, MD
Association of School Business Officials (ASBO)	May 22-25, 2016	Ocean City, MD
MD Correctional Administrators Association (MCAA)	June 5-7, 2016	Ocean City, MD
MD Firemen's Association (MFA)	June 18-24, 2016	Ocean City, MD
MD Municipal League (MML)	June 26-29, 2016	Ocean City, MD

In addition, MCE conducted fifteen plant tours in FY 2016.

COMMUNITY OUTREACH

MCE is committed to creating positive social change through community outreach and stewardship. Volunteering reinforces the moral values MCE aims to instill in its inmate employees. MCE has participated in many volunteer programs, including:

- Preparing hundreds of turkeys annually for the Bea Gaddy Thanksgiving dinner in Baltimore
- Donating food and apparel to the Special Olympics
- Manufacturing tote bags for the House of Ruth in honor of National Crime Victims' Rights Week
- Participating in tree planting programs to restore the Antietam National Battlefield
- Donating laundry services annually for various "Bras for a Cause" breast cancer awareness events
- Donating golf towels to the Division of Correction's Annual Wroten-McGuinn Golf Tournament
- Donating puppy food and supplies to the Wicomico County Humane Society

As part of Governor Hogan's Maryland Unites initiative, the Department of Public Safety and Correctional Services (DPSCS) helped Northwood Elementary School in northeast Baltimore prepare for the academic year. Several members of the DPSCS administrative staff volunteered to paint the school's library and teacher's lounge when they noticed that the school was in need of new furniture in the lobby. MCE was happy to help spruce up the reception area by donating two lounge chairs and a side table, giving the elementary school a fresh modern look. In addition, several employees participated in the Department's book drive to help support and expand Northwood Elementary's library. With the help of MCE staff, DPSCS was able to donate more than 500 books to the school.

5. PRIVATE INDUSTRY ENVIRONMENT



The more Correctional Industries utilize the same processes, controls, equipment, and procedures as private industry, the better prepared the offender will be to find employment and successfully transition to the private sector.

Maryland Correctional Enterprises (MCE), the prison industry arm of the Maryland Division of Correction (DOC), provides an environment for the operation of correctional industries that resembles the environment for the business operations of a private corporate entity as closely as possible. Inmates are taught job skills and are provided with constructive employment, which lead to the development of both technical and social skills, and improve the employability of the inmate upon release. MCE provides inmates with much needed work skills and work ethics. Previous studies comparing MCE inmates with the DPSCS general population inmates suggest that MCE has a positive impact on reducing recidivism. In fact, studies across the nation continue to show that correctional industries have a positive effect on reducing states' recidivism rates. Furthermore, the training and employment of inmates reduces idleness, which is a leading cause of violence and disruptions in prisons. Even the prospect of obtaining employment with Maryland Correctional Enterprises serves as a deterrent to disruptive behavior in the prisons as the eligibility requirements for inmates are to be infraction free for the last three months and to possess a high school diploma or G.E.D. Maryland Correctional Enterprises has increased sales and inmate employment. This has been due to expansion, the introduction of new products and services, the upgrading of furniture lines, improved quality control, and improved customer service.

DELIVERY TIME

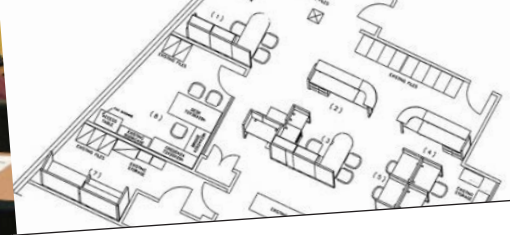
AVERAGE DELIVERY TIME (DAYS)								
Fiscal Year	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Average Time (Days)	23.9	23.1	23.4	23.5	26.2	31.3	25.4	22.3

FISCAL YEAR 2016 (DAYS)				
<i>The following divisions are tracked quarterly and annually:</i>				
	<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>3rd Qtr</u>	<u>4th Qtr</u>
Graphics	18.8	18.6	18.6	18.4
Textiles	41.5	38.0	35.1	31.8
Furniture	38.7	35.8	31.8	31.9
Miscellaneous	14.0	15.4	12.7	12.3
Total	24.6	23.7	22.5	22.3

AVERAGE DELIVERY TIMES			
Graphics - 2 Weeks	Textiles - 6 Weeks	Furniture - 7 Weeks	Miscellaneous - 2 1/2 Weeks

TOTAL FOR 12 MONTH PERIOD ENDING - JUNE 30, 2015											
	<u>1 - 30 Days</u>		<u>31 - 60 Days</u>		<u>61 - 90 Days</u>		<u>Over 90 Days</u>		Average Delivery Time		On Time Delivery
	Number of Deliveries	%	Number of Deliveries	%	Number of Deliveries	%	Number of Deliveries	%	Number of Deliveries	Days	%
Sept. 30, 2015	6122	75.2	1302	16.0	436	05.3	284	03.5	8144	24.6	96.5
Dec. 31, 2015	6171	76.8	1233	15.4	363	04.5	267	03.3	8034	23.7	96.7
March 31, 2016	6060	78.7	1138	14.8	297	03.9	203	02.6	7698	22.5	97.4
June 30, 2016	6218	78.4	1210	15.3	299	03.8	198	02.5	7925	22.3	97.5

6. CERTIFICATE - BASED SOFT SKILLS TRAINING



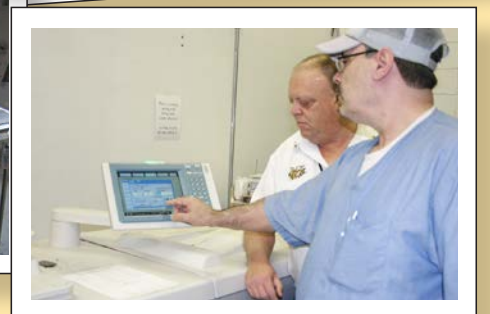
A certificate-based training process creates standards and structure for soft skills attainment. These skills, reinforced through the Correctional Industries environment can significantly improve offender behavior while incarcerated and promote successful reentry.

LEARNING FOR LIFE

MCE's "Learning for Life" core principles focus on performance based job skill training and educational programs structured for the inmate workers. A large part of MCE's mission is to teach strong work ethics, increased responsibility and self-esteem to create positive personal change. MCE's programs produce significantly lower recidivism rates, which ultimately contributes to more productive citizens and safer communities. MCE strives to provide its 29 business units with industry standard production equipment and an environment that closely mirrors society's workforce.

The inmate workforce allows MCE to maintain a self-supporting status and to increase the number of offenders employed while instilling transferable job skills, positive work ethics and a sense of accomplishment. On a daily basis, MCE continues to build positive pathways with job skills training and an evolving line of quality goods and services to make MCE's Learning for Life core principles a reality. MCE offers more than just products and services - MCE offers a changed life, a positive economic impact and a better future.

The certification from the CARES program includes the Thinking For a Change three month curriculum. This emphasizes soft skills in the social area. The Employment Readiness curriculum emphasizes soft skill development in the work area. Both sessions together round out the social and work ethics basic to successful reentry.





The following article was published in the 2016 summer edition of NCIA News

MCE CARES ABOUT DEVELOPING EXCEPTIONAL SOFT SKILLS

By Anthony Morgan, Jr., Director of Re-entry Services, Maryland Correctional Enterprises

Maryland Correctional Enterprises' Continuing Allocation for Reentry Services (CARES) program is a multi-faceted approach to reentry that constructively challenges our program participant's value systems and interpersonal skills. The program's primary goals are to help participants achieve meaningful employment and serve as a resource network to aid with their transition process. Woven throughout the various components of the 170-hour curriculum is a constant theme that the importance that soft skills will have in helping them to successfully transition back into the communities in which they will reside.

Soft skills are defined as the facets of a person's character that allow for one to connect and relate with people. CARES participants are first introduced to this concept when they are exposed to Thinking for a Change (T4C), the nationally recognized certificate-based soft skills curriculum. It is during this process that participants get to explore the very difficult question "Who Are You?" CARES facilitators guide them through a process of understanding how their current approach to connecting with people has either positively or negatively affected their personal and professional relationships.

One of the more impactful exercises of T4C is when participants are asked to write a letter to someone to whom they wish to apologize. This exercise usually triggers emotions throughout the entire class, driving many participants to tears as they have the opportunity to face their internal fears and struggles. When the group shares these stories, a deeper connection is established between each participant as each individual gets to see that they are not alone in their struggles. By exploring feelings within each participant's character that may have been buried deep, they traditionally receive a more in-depth understanding of how their past experiences have played a role in shaping how they currently interact and connect with people.

During the second phase of CARES, each participant receives intense career readiness training on how to utilize soft skills to position themselves for meaningful employment post-release. The career readiness component of CARES is designed to help participants think from the perspective of a hiring manager. They are challenged to answer the question "Is it good business to hire an ex-offender?" MCE reentry staff's experience as human resource professionals and additional experience as Myers & Briggs Personality Type Indicator and Keirsey Temperament facilitators familiarizes participants with gaining a different outlook on their personality as it relates to building a career. By understanding how a hiring manager makes business decisions as it relates to recruiting top talent, participants gain knowledge of all of the potential mental barriers an employer may have with offering an ex-offender employment. Participants are then able to grasp the connection of how important soft skills are when seeking employment, building networks, and growing within their careers. Participants are then able to evaluate their own experience of utilizing soft skills in order to understand how doing so has helped them to navigate the correctional system.

In order for a participant to be accepted into CARES they must meet strict requirements. Requirements include maintaining employment within an MCE plant for a minimum of a year, receive no infractions for at least 180 days, and receive a letter of recommendation from their plant manager to vouch for their good character and work ethic during their employment. This is a powerful revelation as now participants firmly understand that they would not have received the opportunity to participate in CARES if they had not already been consistently displaying soft skills such as leadership, initiative, creativity, teamwork, hard work, dependability, and confidence. They are reminded that without correctly utilizing soft skills there is no way that they would have been able to position themselves to transition from the correctional system with employable skills that can compete in the civilian sector. In addition, they have had the opportunity to build their personal and professional network as graduates of the CARES program.

CARES teaches participants that a warm smile is one of the quickest ways to connect with people. Huge smiles are often on display at graduation as graduates realize that despite their current circumstances, their experience with Maryland Correctional Enterprises has provided them with the best opportunity for a successful transition. It is with great pride that only 13% of MCE CARES graduates have recidivated, and approximately 80% of the 171 qualified MCE CARES graduates are employed and continue to grow personally and professionally. MCE cares about building soft skills in our entire offender workforce as these skills are essential to rebuilding and sustaining one's life.

7. CERTIFIED TECHNICAL SKILLS TRAINING



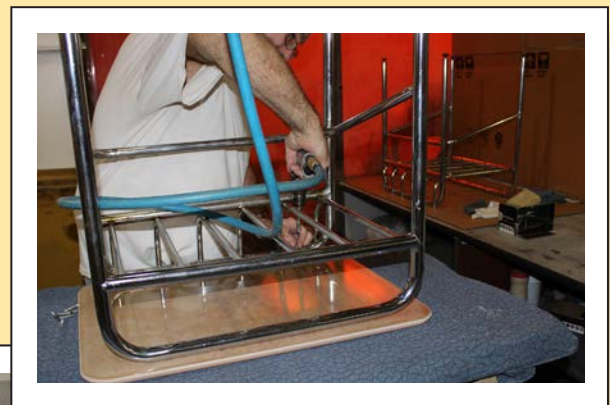
Certifications earned through technical skills training are a reliable predictor of workplace success and are essential to gainful attachment to the workplace upon release.

MCE's Meat Plant provides inmates with valuable meat cutting training and experience that helps them prepare for employment in the meat industry upon release. The Meat Plant is located at the Maryland Correctional Institution in Hagerstown. Many inmates have received training through a Meat Apprenticeship program certified by Hagerstown Community College and facilitated by MCE personnel.

During FY 2016 members of the Projects Unit initiated a "Forklift Training" Program. In FY 2017, supervisors and inmates will be trained, and certificates and wallet-sized cards will be issued upon successful completion of each training session. MCE will continue to explore additional certificate programs and apprenticeship opportunities.

In addition to the CARES graduation certification, every year inmate workers are presented a training certificate by their plant manager of the number of days (and years) they were cumulatively employed and their job description. This is placed into their records and is available for their resume as an attachment documenting their experience.

***"You don't have to be great to start,
but you have to start to be great" ~ Zig Zigler***



8. OFFENDER JOB OPPORTUNITIES

Providing the greatest number of job opportunities for the offender population is critical to the overall impact that Correctional Industries has on reentry and recidivism.

INMATES EMPLOYED FISCAL YEAR 2016



	NUMBER OF INMATES
Jessup Correctional Institution	
Furniture Manufacturing – office, lounge and dormitory furniture, tables, library shelving	206
Tag – metal motor vehicle license tags, picnic furniture	72
Sew – inmate uniform items, DPSCS officer uniform items	134
Maryland Correctional Institution – Jessup	
Graphics I – complete line of forms, reports, custom printing, magazines and related special products, four color printing	120
Graphics II – envelopes, business cards, letterhead, etc.	51
Quick Copy Service – digital b/w and color, high speed digital printing, binding, finishing, packaging, shipping, collating, stapling	39
Maryland Correctional Institution for Women	
Sew/Flag – shirts, gowns, bathrobes, flags, aprons, embroidery, sweatshirts	133
Mailing and Distribution – bulk mailing, distribution service, data entry	89
Design and Planning – office design using CADD system	15
Maryland Correctional Institution – Hagerstown	
Metal – shelving, beds, tables, wastebaskets, chairs, benches, lockers, storage, Flexstation office furniture	77
Metal (P.I.E.) – fabrication, painting and assembly of switchgear components	0
Upholstery – task seating, side chairs, lounge furniture, multi-purpose seating	81
Meat – ground beef, chopped steaks, meat loaf, roasts, chops, ribs, hotdogs, lunch meats, sausage	74
Hagerstown Warehouse – backhaul operations, shipment of products produced in Hagerstown	34
Roxbury Correctional Institution	
RCI Graphics – file folders, interoffice envelopes, report covers, vinyl binders; production of MVA vehicle registrations and special orders	133
Recycling – recycling of aluminum and steel cans, cardboard, paper, pallets, and plastic	80
Agriculture – seasonal-landscape/tree and bay grass planting	0
Maryland Correctional Training Center	
Partition – work stations, office panels, sight screens, System XXI, PowerWorks	31
Brush & Carton – utility brushes & corrugated cartons, furniture assembly, toner remanufacturing	20
Western Correctional Institution	
WCI Furniture – laminated component parts and various furniture items (Volition, Aristotle & Darwin office furniture)	34
Eastern Correctional Institution	
Furniture Restoration – refinishing/restoration of wood, metal, and upholstered furniture	131
Textiles – towels, washcloths, hats, uniform clothing/shirts, embroidery, sewn and RF Seal mattresses	120
Patuxent Institution	
Sign – street signs, custom made signs to order, vehicle wraps, plaques, picture frames, laser engraving	57
Laundry Operations – CMCF, MCI-H, WCI, ECI	
Laundry – industrial cleaning of laundry for institutional and non-profit entities	269
Central Maryland Correctional Facility	
Cleaning Products – all-purpose and germicidal cleaners	6
Jessup Area	
Central Warehouse – shipment of all products produced at Baltimore metropolitan area prisons, moving, labor, and courier service	29
Total	2,035

Ranking In U.S.



Correctional Industries Inmate Employment Ranking for 2015

From data contained in the 2016 National Correctional Industries Association (NCIA) Directory

Rank	State	Inmates Employed
1	*California	4,967
2	Texas	4,820
3	Florida	2,573
4	North Carolina	2,306
5	*Washington	2,267
6	New York	2,080
7	Arizona	2,060
8	MARYLAND	2,041
9	*Indiana	1,716
10	Ohio	1,623

**MCE has ranked
in the top 10
in inmate employment
since 2008**

*Maryland ranks 18th
in correctional population and
19th in state population*

**States that have canteen/commissary operations*

INMATE EMPLOYMENT

Fiscal Year	2011	2012	2013	2014	2015	2016
Inmates	1,855 ¹	2,065	2,038	2,091 ²	2,041	2,035
¹ During FY2011, elimination of PINS via budget cuts and MCE's forced participation in the VSP negatively affected inmate employment.						
² MCE was forced to close its Upholstery Plant at NBCI in October 2013 due to the continuing Lock-down situation at that Institution. This action resulted in the loss of 25 inmate positions.						
In FY 2016, MCE provided over 3.07 million hours of inmate employment/training and touched the lives of 2,996 inmates.						

RECIDIVISM

MCE provides inmates with much needed work skills and work ethics. Previous studies comparing MCE inmates with the DPSCS general population inmates suggest that MCE has a positive impact on reducing recidivism. In fact, studies across the nation continue to show that correctional industries have a positive effect on reducing states' recidivism rates.

9. OFFENDER EMPLOYMENT READINESS AND RETENTION

Creating a culture focused on offender reentry success through career readiness leads to employability and job retention after release



MCE RE-ENTRY INITIATIVE

Maryland Correctional Enterprises' Continuing Allocation of RE-entry Services (CARES) program is one of the main focuses of the MCE Re-Entry Services team. MCE CARES is a volunteer program and requirements to be accepted is that a prospect must have been employed within an MCE plant for a minimum of a year, received no infractions for at least 180 days, have no gang affiliations and receive a letter of recommendation from their plant manager to vouch for their good character and work ethic during their employment. The Re-Entry Services Team consists of the Director of Re-Entry Services (DRS), Client Services Coordinator (CSC), Business Development Coordinator (BDC), Prosperity Partners Ministry, volunteers and inmate workers serving as program assistants. The team works in tandem to best assist selected program participants in their transition process back to the communities to which they will return. This process is fully involved and success greatly depends on the partnerships between MCE Plant Managers, Case Management, Parole and Probation, community partners, business partners, and other DPSCS and state departments. The mission of MCE CARES is to "Reduce the recidivism of participants by 20% when compared to the recidivism rate of the MCE release population." All participants must internalize the program vision as they fully commit to the process which is "We aim to be a collective body of positive and respected leaders representing a multitude of Maryland communities whose members make a choice to live a life that promotes positive growth in all personal areas and who diligently work to create opportunities that benefit the community in which they reside". This vision sets the tone for the high expectations that come with becoming a part of the MCE CARES team

On June 27, 2016, The MCE CARES reentry program graduated 15 participants. This marked the conclusion of a six-month commitment that these men made to continue to lead positive lives, and also served as an important accomplishment that will set the tone for successful reentry to the communities that they will serve. The guest speaker for the graduation was Bill Gaertner, Director of Gatekeepers located in Hagerstown, MD.

CARES GRADUATES

<u>Calendar Year</u>	<u>Graduates</u>
2009	79
2010	61
2011	56
2012	30
2013	39
2014	23
2015	25
2016 (6 mths.)	15
Total	328

CONTINUING ALLOCATION OF RE-ENTRY SERVICES (CARES)

Created in 2008, Maryland Correctional Enterprises CARES program is a multi-faceted approach to reentry that constructively challenges program participant's value systems and interpersonal skills. The program's primary goals are to help participants achieve meaningful employment and serve as a resource network to aid with their transition process. Weaved throughout the various components of the 170 hour curriculum is a constant theme of the importance that soft skills will have in achieving their goal of successfully transitioning and positively contributing to the communities in which they will reside.

Thinking for a Change (T4C) – 70 hours: Each participant of the CARES program receives (70 hours) of the nationally certified soft skills curriculum named T4C. T4C is an integrated cognitive behavior change program for offenders, helping to create change in both their thinking and behavior for a reduction in re-offending. It is during this process that participants get to explore the very difficult question "Who Are You"? CARES facilitator's guide them through a process of understanding how their current approach to connecting with people has either positively or negatively affected their personal and professional relationships. One of the more impactful exercises of T4C is when participants are asked to write a letter to someone that they have wanted to apologize to. This exercise usually triggers emotions throughout the entire class, driving many participants to tears as they have the opportunity to face their internal fears and struggles. By sharing these stories a deeper connection is established within the group as each individual gets to see that they are not alone in their struggles. By exploring feelings within each participant that may have been buried deep, they traditionally receive a more in depth understanding of how their past experiences have played a role in shaping how they currently interact and connect with people.

CAREER READINESS (Continued)



Career Readiness - 70 hours: During the second phase of CARES, each participant receives intense career readiness training on how to utilize soft skills to position themselves for meaningful employment post release. They are challenged to answer the question “Is it good business to hire an ex-offender”? The career readiness component of CARES is designed to help participants think from the perspective of a hiring manager. By understanding how a hiring manager makes business decisions as it relates to recruiting top talent, participants gain knowledge of all of the potential mental barriers an employer may have with offering an ex-offender employment. Participants are then able to grasp the connection of how important soft skills are when seeking employment, building networks, and growing within their careers. Most importantly, they learn how to articulate the career experience that they have gained working for MCE in a manner that connects and resonates with a prospective employer when they are released. In addition, participants receive assessments, interviewing skills, typed self-created resumes, labor market information, job searching strategies, and general information. Highlight trainings include Myers & Briggs Personality Type Indicator, Keirsey Temperament, the art of networking, and understanding 21st century technology.

Computer/Internet Training - 20 hours: The next focus is computer and internet training for program participants. Due to longer sentences, many participants are not familiar or comfortable with the operation of computers. During this section, time is spent on Mavis Beacon (A Touch Typing Training Program), Microsoft Word and exploring employment websites such as Maryland Workforce Exchange and Maryland Community Services Locator through limited internet access for offenders provided at the institution.

The importance of addressing computer deficiencies arose from information received from meetings with hiring managers seeking to hire ex-offenders. There is a concern that ex-offenders lack the computer skills needed to excel at the job. Participants also face challenges with correctly filling out the employment applications for consideration.

Financial Literacy/Credit Counseling - 10 hours: Preparing program participants for the financial challenges after their release is essential to successful transition. Many MCE inmate workers have not had experience with proper financial management techniques as concluded through information collected through surveys conducted through the MCE Management Council, various focus groups with MCE inmate workers, and through the transition planning phase. Many MCE inmate workers were being released with little savings despite earning higher wages than the majority of other inmates. Examples include MCE offenders who served similar length sentences and worked in the same MCE plant but one would have saved \$10,000 while the other had not saved at all. A lack of being financially prepared would often lead to a sense of panic with the transition process for the offender and lead to increased stress.

Transition Planning - 2 hours: Each participant receives a one on one meeting with a MCE Re-entry staff member where there is an opportunity to get a more in depth understanding of their specific situations. These transition meetings help to create a strong rapport with MCE re-entry staff and allow participants to express issues that they may not necessarily feel comfortable doing in the group settings.

Cap and Gown Celebration - 2 hours: As a celebration of CARES participant's commitment and completion, they are rewarded with a Cap and Gown graduation ceremony where family and other community members are invited. Former offenders who have had a successful transition are frequently invited to participate as guest speakers to motivate the participants so that they can see that success on the outside is possible. As CARES teaches a warm smile is one of the quickest ways to connect with people, there are often huge smiles on the faces of MCE CARES graduates as they realize that despite their current circumstances, their experience with Maryland Correctional Enterprises has provided them with the best opportunity for a successful transition. It is with great pride that only 13% of MCE CARES graduates have recidivated and approximately 80% of the 171 qualified MCE CARES graduates are employed and continuing to grow personally and professionally.

MCE RE-ENTRY TEAM

MCE's Re-entry team has over 50 years of collective experience providing transitional services in a diverse array of categories which includes staff with experience in human resources and organizational development, department of corrections and parole and probations, and workforce development. This experience is a tremendous asset to CARES program quality as participants are able to receive relevant information to help navigate the re-entry process.

CAREER READINESS (Continued)

*The MCE Formula
Uniting Skill &
Opportunity*



The Director of Re-Entry Services (DRS) along with the guidance of Senior Leadership develops and implements the re-entry strategy for MCE CARES graduates. In order to ensure that information is current and relevant in regards to re-entry, the DRS meets regularly with high ranking re-entry officials to stay current with the laws affecting this topic along with being involved in work groups to provide input on improving the re-entry process. Additionally, the director is involved with local and regional groups in order to market the positive company culture that MCE has created as well as to sell the benefits to prospective community and business partners on either providing employment or resources to MCE CARES graduates. Finally, the Director of Re-Entry Services is responsible for the recruitment and selection of interested MCE inmate workers and makes a decision on acceptance based on if a prospect meets stringent program requirements and has a positive recommendation from their plant manager.

MCE CARES' Client Services Coordinator (CSC) is the primary advocate for MCE CARES program participants while they are still managing their transition behind the walls. The CSC's key responsibility is to make sure that participants have developed a reasonable re-entry plan and are staying focused in all situations. This requires building a relationship of trust which starts during their facilitation of the Thinking for a Change curriculum. It is through this initial phase of the program that the participants have the opportunity to address emotions and increase thought patterns that will promote and sustain positive change. The CSC will then meet one-on-one with all participants to ensure that they develop a transition strategy and work with the Re-Entry Services team to make sure that the best plan can be developed to bring this strategy to life. MCE CARES' Business Development Coordinator (BDC) is responsible for vetting and recruiting companies interested in hiring MCE CARES graduates as well as prepare participants on how to sell their skills to employer prospects at a high level. This starts with an intense 50-hour career readiness training, which prepares MCE CARES participants for successful employment within the communities that they will be transitioning back to. During this process, relationships are built between MCE CARES participants and members of the MCE CARES team. The career coaching process provides guidance on what industries to focus efforts on and what industries will be most receptive to the transferable skills of an MCE inmate worker.



10. POST-RELEASE EMPLOYMENT SERVICES

Post-release employment services support gainful attachment to the workforce. Continued engagement after job placement promotes retention, re-employment in the event of job loss, and assists with advancement opportunities.



MCE RE-ENTRY STRATEGY

The Re-Entry Services team works collectively to build a network that can be utilized by participants upon release. First, this involves the BDC to gather necessary employment information in order to utilize partnerships with local agencies and non-profits who have already established strong reputations on securing employment for ex-offenders. Since these job placement establishments have had positive experiences with previous MCE CARES graduates they work to get them employed.

Second, is a research process that involves utilizing different employment websites to identify prospective employers. Once a list of employer prospects has been established, the BDC then attempts to contact the human resources or hiring manager to vet them as a potential employer partner. This includes asking the company if they, (1) Hire ex-offenders, (2) If so, what is their policy for how long an ex-offender must have been released before hire, (3) What offenses are not allowed, (4) What types of employment opportunities are available, (5) What is the pay structure, (6) Are there opportunities for career progression, and (7) does the company culture allow for an ex-offender to grow as a professional. Depending on how an employer prospect answers these questions determines if efforts will be taken to further develop a business partnership.

The last step is a more hands on approach referred to as 'Street Reach'. The BDC will drive through various neighborhoods and business developments looking for different employment opportunities for MCE CARES participants. This involves scouting for help wanted advertisements, walking into stores to market MCE CARES and the benefits of hiring a program participant, and attending local job fairs. All information is then analyzed by the MCE CARES team and an employment transition strategy is created for each MCE CARES participant.

The numerous partnerships made by MCE over time with other agencies, non-profits, and private employers have greatly benefited the Maryland CARES inmate population upon release. Additional coordination of training, work and reentry services is always searched for to impact larger numbers and retain the same success.

As of 2015, 80% of released CARES graduates were employed in a variety of industry sectors. MCE has taken the lead by also offering employment to ex-offenders at MCE Headquarters and Central Warehouse. Given the limited size of the MCE Headquarters' workforce (48 employees) and the specific skills required for many positions, this level of ex-offender employment reflects a strong commitment in providing opportunity to deserving individuals.

The MCE Re-Entry Services team works diligently to highlight the positive and impactful work that Maryland Correctional Enterprises does in regards to re-entry by preparing our inmate workers with the essential skills to be successful once released. Not without its challenges, the process of re-entry for the Re-Entry Services team is somewhat simpler because of the commitment and dedication from every member of our great MCE team.

“Champions aren’t made in gyms. Champions are made from something they have deep inside them a desire, a dream, a vision. They have to have the skill and the will. But the will must be stronger than the skill.” ~ Muhammad Ali

MCE Attends National NCIA Conference

BY ASHLEY LOHR
EXECUTIVE ASSISTANT
MARYLAND CORRECTIONAL ENTERPRISES



MCE Employees at NCIA Conference



**NATIONAL CORRECTIONAL
INDUSTRIES ASSOCIATION**

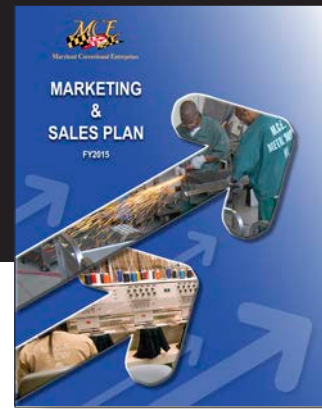


2016 NATIONAL CORRECTIONAL INDUSTRIES ASSOCIATION (NCIA) CONFERENCE

The 2016 National Correctional Industries Association (NCIA) Conference was held from April 17th through 20th in Pittsburgh, Pennsylvania. 48 states came together to network, share ideas and work together to enhance the mission of correctional industries nationwide. MCE was proud to host the session, “Practicing What We Preach from the Inside Out,” which encouraged other state correctional industries to hire former offenders within their organizations. This moving session, led by a panel of MCE staff, received a standing ovation from the audience.

Throughout the entire conference, attendees were reminded of the profound impact correctional industries have on returning citizens across the nation. The opening session highlighted the successful efforts of the host, Pennsylvania Correctional Industries, who invited a former offender to act as a keynote speaker for the event. Her story set the tone for the conference and served as additional proof that what we do truly changes lives.

FINANCIAL ECONOMIC IMPACT



On September 29, 2015, MCE received the “Economic Impact of Maryland (MCE)” paper by Dr. Frederick Derrick and Dr. Charles Scott, Professors of Economics at Loyola University of Maryland as excerpted below:

Input Output Model

The impacts of Maryland’s MCE production are estimated using the IMPLAN input output model for Maryland. IMPLAN generates regional input output models by converting the United States Benchmark Study of input output accounts to a regional or local model and closely follows the accounting convention used by the Bureau of Economic Analysis. The model allows examination of financial transactions between businesses and between businesses and final consumers in a region.

IMPLAN uses regional economic accounting to construct state and local level multipliers describing the short run, industry-specific, localized impacts of increased economic activity in a given sector. Regional Purchase Coefficients (RPC’s) are provided in the model to adjust for purchases made from out-of-area vendors. The results are industry-specific because IMPLAN measures the ripple effects of given output or employment changes on other industries as purchases work their way through the economy.

Conclusion

The net economic impact of Maryland Correctional Enterprises in 2014 is positive on the Maryland economy. This conclusion is based on input output analysis adjusted to account for the unique nature of prison labor. This finding is consistent with the findings in prior years. Assuming no crowding out, MCE production in the state of Maryland created 367 private jobs and \$22.8 million in private labor income in 2014. Under a more realistic assumption that a portion of the prison production crowds out in-state production, the net effect of MCE is an increase of 2091 prisoner jobs, a net increase of 217 private sector jobs, \$15.0 million of additional private sector income, \$2.3 million prisoner income in the state, \$27.8 million of new value added, and \$60.0 million in new output. These net additions to the Maryland economy generated \$1.4 million in state tax receipts. In addition, MCE transferred \$1.8 million to Maryland’s General Fund during FY 2014.



The positive impact of MCE in the state are understated above. The results from this study do not include the additional benefit of the impact of MCE participation on the rate of recidivism. These benefits accrue to the state, to the private sector, and to the prisoners participating in MCE. Our published research on the long term implications of prison industries in Ohio indicates that former prisoners participating in prison industries recidivate at a slower rate in the short run and in aggregate over the long run. After 10 years, recidivism rate for prison industries participants is approximately one third lower than for nonparticipating prisoners.

With an average annual incarceration cost in excess of \$38,000 per year per prisoner, the reduced recidivism is a notable savings to the state and allows for the potential reduction in tax rates and/or funding of alternative state initiatives.

FINANCIAL ECONOMIC IMPACT (Continued)

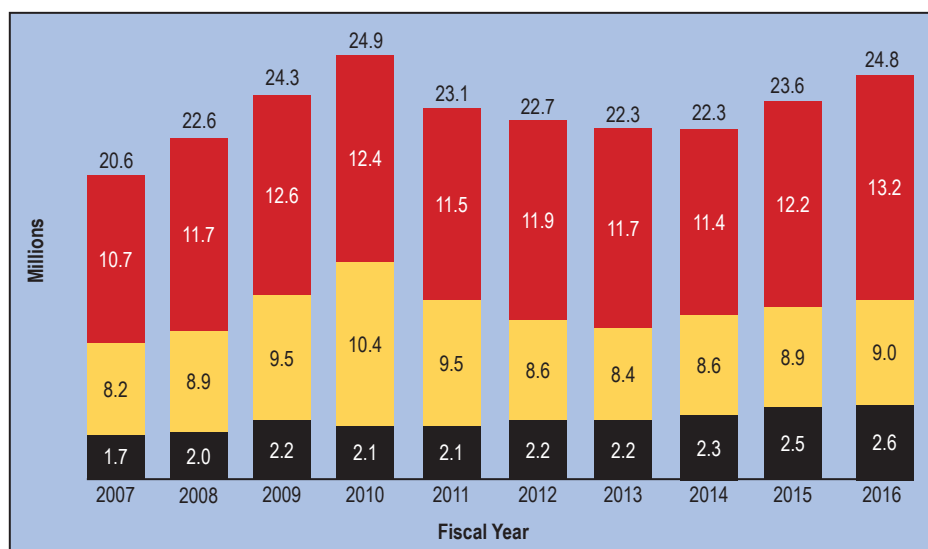


“Economic Impact” consists of the three major areas where Maryland Correctional Enterprises payments were made during the fiscal year. The three major areas of “Economic Impact” are: “Goods and Services”, “Employee Payroll”, and “Inmate Payroll”.

DIRECT ECONOMIC IMPACT - FISCAL YEAR 2016				
AREA	GOOD AND SERVICES	EMPLOYEE PAYROLL	INMATE PAYROLL	ECONOMIC CONTRIBUTION
Annapolis	\$ 0	\$ 0	\$ 0	\$ 0
Baltimore City	3,216,959	3,684,461	0	6,901,420
Baltimore County	239,053	614,890	0	853,943
Eastern Shore	168,458	1,138,686	285,874	1,593,018
Hagerstown	744,345	4,021,187	974,319	5,739,851
Jessup	1,511,230	2,422,147	1,313,480	5,246,857
Montgomery County	182,036	69,948	0	251,984
Northeast Maryland	2,748,700	583,983	0	3,332,683
Prince George's County	214,538	328,592	0	543,130
Southern Maryland	0	76,455	1,405	77,860
Western Maryland	1,730	187,070	38,884	227,684
Maryland Total	\$9,027,049	\$13,127,419	\$2,613,962	\$24,768,430
Out of State Total	\$27,143,730	\$1,415,224	0	\$28,558,954
Grand Total	\$36,170,779	\$14,542,643	\$2,613,962	\$53,327,384

Total Economic Impact (Direct and Indirect) for FY 2016 that MCE had on the State of Maryland was \$100.2 million

Economic Impact



Note: In addition to Maryland, only four other states in the U.S. compute Economic Impact

FINANCIAL STATEMENTS



Statements of Net Position

Statements of Net Position

As of June 30, 2016 and 2015

	(Unaudited) 2016	(Audited) 2015
ASSETS		
Current Assets:		
Cash	\$13,704,571	\$10,082,686
Accounts Receivable	8,735,783	6,941,778
Inventories	11,535,328	13,339,787
Other Assets	174,173	359,987
Total Current Assets	34,149,855	30,724,238
Capital Assets, Net of Accumulated Depreciation:		
Equipment	3,102,655	3,688,023
Structures and Improvements	2,497,701	2,630,953
Infrastructure	0	0
Total Capital Assets, Net	5,600,356	6,318,976
Total Assets	39,750,211	37,043,214
 Deferred Financing Outflows	 1,529,886	 1,529,886
LIABILITIES AND NET POSITION		
Liabilities:		
Current Liabilities		
Accounts Payable and Accrued Liabilities	1,505,945	2,296,556
Accrued Vacation and Workers Compensation Costs, Net	801,086	878,058
Deferred Revenue	883,593	565,591
Total Current Liabilities	3,190,624	3,740,205
Noncurrent Liabilities:		
Net Pension Liability	9,198,488	9,198,488
Accrued Vacation and Workers Compensation Costs	582,214	588,602
Total Liabilities	12,971,326	13,527,295
 Deferred Financing Inflows	 1,006,835	 1,006,835
Net Position:		
Invested in Capital Assets	5,600,356	6,318,976
Unrestricted	21,701,580	17,719,994
Total Net Position	\$27,301,936	\$24,044,516

FINANCIAL STATEMENTS



Statements of Net Position

*Statements of Revenue, Expenses, and Change in Net Position
For the Years Ended June 30, 2016 and 2015*

	(Unaudited) 2016	(Audited) 2015
Operating Revenue:		
Sales and Services	\$61,440,235	\$54,057,092
Operating Expenses:		
Cost of Sales and Services	48,381,456	42,252,455
Selling, General, and Administrative Expenses	6,449,056	6,554,560
Other Selling, General, and Administrative Expenses	2,391,645	2,670,220
Depreciation	964,363	1,084,143
Total Operating Expenses	58,186,520	52,561,378
Operating Income	3,253,715	1,495,714
Nonoperating Revenue and Expenses:		
Payment to United States Department of Health & Human Services	0	0
Miscellaneous Income	0	17
Loss on Disposal of Assets	3,705	(66,121)
Nonoperating Expenses, Net	3,705	(66,104)
(Loss) Income Before Transfers and Contributed Capital	3,257,420	1,429,610
Capital Contributed	0	0
Transfer to State of Maryland General Fund	0	(1,000,000)
Change in net Position	3,257,420	429,610
Net Position, Beginning	24,044,516	23,609,360
Prior period adjustment for adoption of new accounting standard	0	0
Net Position, Beginning as restated	24,044,516	23,609,360
Net Position, Ending	\$27,301,936	\$24,044,516



MARYLAND CORRECTIONAL ENTERPRISES

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